

Message Text

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C O N F I D E N T I A L STATE 190345

E.O. 11652: GDS

TAGS: OVIP (TODMAN, TERENCE A.)

SUBJECT: SCOPE PAPER FOR TODMAN TRIP
REF: YOULE-GRAHAM TELCON 8/10/77

1. AMBASSADOR TODMAN MADE NO DEPARTURE STATEMENT TO THE
PRESS UPON LEAVING WASHINGTON.

2. FOLLOWING, FYI, IS TEXT OF "SCOPE PAPER" FOR AMBASSADOR
TODMAN'S TRIP:

BEGIN TEXT. YOUR TRIP TO ARGENTINA, CHILE, PARAGUAY AND
URUGUAY PROMISES TO BE THE MOST DIFFICULT AND POTENTIALLY
THE MOST USEFUL OF THE NEW ROUND OF SENIOR CONSULTATIONS
NOW UNDERWAY IN THE HEMISPHERE. THEIR BASIC RAISON D'ETRE
IS TO REAFFIRM AND CLARIFY THE ADMINISTRATION'S LATIN
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AMERICAN POLICY, TO GATHER REACTIONS, AND TO EXPLORE WAYS
IN WHICH WE CAN PURSUE OUR OBJECTIVES EFFECTIVELY.

THE ISSUES OF HUMAN RIGHTS, ARMS RESTRAINT AND NUCLEAR
NON-PROLIFERATION, WHICH ARISE IN PART FROM THE SAME BASIC
VALUES, HAVE INTRODUCED AN IMPORTANT NEW DIMENSION INTO
OUR RELATIONS. THE WAY IN WHICH WE HANDLE THEM WILL HAVE
A MAJOR IMPACT ON THE EVOLUTION OF OUR RELATIONSHIPS WITH

THE GOVERNMENTS YOU WILL VISIT. YOUR TRIP THEREFORE WILL

BE VIEWED AS AN EFFORT BY THE ADMINISTRATION TO OPEN A NEW LINE OF COMMUNICATIONS AT THE MOST SENIOR LEVEL IN THOSE COUNTRIES IN ORDER TO PROVIDE A BASIS FOR MOVING AHEAD ON OUR NEW POLICIES.

THE EVOLUTION OF OUR ECONOMIC RELATIONSHIPS WITH LATIN AMERICA WILL BE ANOTHER CENTRAL FOCUS. WHILE NONE OF THE COUNTRIES YOU WILL VISIT HAS TAKEN A LEADING ROLE IN THE NORTH-SOUTH DISCUSSIONS, EACH IS INTERESTED IN SPECIFIC INTERNATIONAL ECONOMIC ISSUES. YOUR ITINERARY AFFORDS AN OPPORTUNITY TO DEMONSTRATE OUR INTEREST AND SUPPORT FOR SIGNIFICANT REGIONAL ECONOMIC INSTITUTIONS -- LAFTA AND ECLA.

YOUR TRIP IS ESPECIALLY IMPORTANT, HOWEVER, BECAUSE, AS THE SENIOR POLICY-MAKER WITH RESPONSIBILITIES FOR THE REGION, YOUR ACQUAINTANCE WITH THE FULL RANGE OF ISSUES AND LEADERS IS CRITICAL TO THE POLICY PROCESS AT HOME.

A. OVERALL POLICY SETTING

THE GENERAL OUTLINES OF THE ADMINISTRATION'S APPROACH TOWARD LATIN AMERICA HAVE BEEN SET. BUT:
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-- WE HAVE ONLY BEGUN THE PROCESS OF COMMUNICATION --
EXPLAINING WHAT OUR POLICY IS AND WHY WE HAVE ADOPTED IT;
SYSTEMATIC CONSULTATION WITH OTHER GOVERNMENTS IS A KEY
PART OF OUR NEW APPROACH TO POLICY DEVELOPMENT.

-- WE NEED TO UNDERSTAND AND EVALUATE CLEARLY REACTIONS
TO OUR NEW POLICIES TO DETERMINE WHAT NEEDS TO BE DONE
TO MAKE THEM MORE EFFECTIVE. THIS IS ESPECIALLY TRUE
FOR THOSE GOVERNMENTS WIDELY REGARDED AS "HARD-LINE,"
WITH WHOM WE HAVE THE MOST INTRACTABLE PROBLEMS.

THUS WE ARE NOW ENTERING THE SECOND PHASE OF THE ADMINIS-
TRATION'S NEW POLICY DEVELOPMENT TOWARD LATIN AMERICA.
IT IS IN MANY RESPECTS THE MOST CRITICAL PHASE BECAUSE
IT IS NOW THAT WE MUST BEGIN TO GIVE SUBSTANCE TO OUR
RHETORIC. YOUR TRIP SHOULD HELP PROVIDE WHAT WE NOW
NEED: AN AUTHORITATIVE, RECENT, FIRSTHAND EXPOSURE
TO THE PRIORITIES, PERSPECTIVES AND PERSONALITIES WHICH
WILL SHAPE THE OTHER SIDE OF THESE RELATIONSHIPS.

WE HAVE THAT WITH VENEZUELA AND TO SOME DEGREE WITH THE
OTHER COUNTRIES VISITED DURING MRS. CARTER'S TRIP,

INCLUDING BRAZIL. BUT WE DO NOT YET HAVE ON THE WASH-
INGTON SIDE THE KIND OF NUANCED "FEEL" FOR ARGENTINA,
CHILE AND THE OTHER COUNTRIES YOU ARE TO VISIT WHICH IS
NEEDED IN THE MONTHS AHEAD.

THE TRIP HAS A PUBLIC DIMENSION AS WELL, FOR US AND FOR THEM. IF WE ARE TO SUCCEED IN OUR NEW APPROACHES, IT IS IMPORTANT THAT WE NOT APPEAR TO TREAT CERTAIN COUNTRIES WITH WHOM WE HAVE MAJOR POLICY DIFFERENCES AS BEING SOMEHOW BEYOND THE PALE OF SENIOR DISCOURSE. ON THE CONTRARY, WE MUST NOT ONLY BEGIN THE PROCESS OF DIALOGUE, WE MUST BE SEEN AS DOING SO. AT THE SAME TIME, CONFIDENTIAL

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CAREFUL BALANCE WILL BE REQUIRED TO AVOID GIVING THE IMPRESSION, IN PUBLIC OR IN PRIVATE, THAT BECAUSE WE WISH TO REESTABLISH CONTACTS AND A BASIS OF UNDERSTANDING WITH THESE GOVERNMENTS, WE HAVE SOMEHOW DECIDED TO PRESS LESS HARD ON SENSITIVE U.S. POLICY OBJECTIVES. THE PUBLIC DIMENSION OF YOUR TRIP, THEREFORE, WILL BE ESPECIALLY DELICATE.

B. THE ISSUES

1) HUMAN RIGHTS IS A CENTRAL ISSUE AND ITS HANDLING MAY BE DECISIVE IN OUR RELATIONS WITH THE GOVERNMENTS YOU WILL VISIT. UNFORTUNATELY, THE REACTIONS OF THE ELITES OF ARGENTINA, CHILE AND URUGUAY TO THE INTENSE SOCIAL CRISES WHICH THEIR COUNTRIES HAVE RECENTLY UNDERGONE MAKE A DIALOGUE ON THE HUMAN RIGHTS ISSUES EXTRAORDINARILY DIFFICULT. OUR DIFFERING HISTORICAL EXPERIENCES AND RESPECTIVE POLICY EVOLUTIONS OVER THE PAST FEW YEARS HAVE SERIOUSLY ERODED THE COMMON BASIS WHICH PREVIOUSLY MADE COMMUNICATION AND ISSUE RESOLUTION WITH THOSE COUNTRIES RELATIVELY EASY. IN SOME RESPECTS, THEREFORE, YOUR INITIAL TASK WILL BE TO REESTABLISH COMMUNICATION -- TO DEVELOP A SUFFICIENT UNDERSTANDING OF OUR INTENTIONS AND RESPECTIVE POSITIONS TO PROVIDE A BASIS ON WHICH WE CAN MOVE FORWARD ON THESE ISSUES.

IN SO DOING, YOU WILL WANT TO MAKE CLEAR THAT:

-- WE VIEW DEMOCRATIC INSTITUTIONS AND RESPECT FOR HUMAN RIGHTS AS KEYSTONES OF THE INTER-AMERICAN SYSTEM;

-- THE RENEWED U.S. EMPHASIS ON HUMAN RIGHTS WILL BE A CONTINUING ELEMENT IN OUR FOREIGN POLICY AND WILL BE CONFIDENTIAL

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APPLIED ON A WORLD-WIDE, NON-DISCRIMINATORY BASIS;

-- 'HERE ARE VARIOUS STEPS WHICH EACH OF THE COUNTRIES CAN TAKE TO IMPROVE THE HUMAN RIGHTS SITUATION;

-- THE UNITED STATES WILL REACT TO IMPROVEMENTS (OR TO FURTHER DETERIORATION) IN EACH COUNTRY'S HUMAN RIGHTS PERFORMANCE.

ALTHOUGH YOUR TASK WILL BE DIFFICULT ITS IMPORTANCE CANNOT BE OVERESTIMATED. SHOULD YOUR MESSAGE GET THROUGH, THIS WILL GIVE US A BASIS TO HOPE FOR IMPROVEMENTS IN THE HUMAN RIGHTS PERFORMANCE OF THOSE GOVERNMENTS AND A LESSENING OF TENSION IN OUR BILATERAL RELATIONS WITH EACH OF THEM.

2) SECURITY RELATIONSHIPS

OUR MILITARY RELATIONS WITH THE COUNTRIES YOU WILL VISIT ARE AT THEIR LOWEST EBB IN RECENT YEARS. THE MARKED DECLINE IN THE LEVEL OF OUR MILITARY INVOLVEMENT -- OUR DIMINISHED ROLE AS ARMS SUPPLIER AND TRAINER OF THEIR SERVICES, AND OUR SHARPLY REDUCED MILITARY PRESENCE -- HAVE LED THEM INCREASINGLY TO VIEW US AS, AT BEST, AN UNRELIABLE PARTNER. FOR THE STRONGLY ANTI-COMMUNIST MILITARY LEADERS OF THESE COUNTRIES, NURTURED ON COLD WAR RHETORIC, RECENT SHIFTS IN U.S. POLICY HAVE DOUBTLESS BEEN THE CAUSE OF CONSIDERABLE BITTERNESS. BECAUSE THE COUNTRIES YOU WILL VISIT ARE LARGELY DOMINATED BY THEIR MILITARY ESTABLISHMENTS, THIS FACTOR WILL COLOR YOUR DISCUSSIONS IN MANY AREAS.

ALTHOUGH THE DECLINE IN OUR MILITARY PRESENCE IN LATIN AMERICA HAS BEEN UNDERWAY SINCE THE EARLY 1960'S, THIS PROCESS HAS ACCELERATED RECENTLY UNDER THE IMPACT OF THE HUMAN RIGHTS ISSUE, OUR NEW EFFORTS TO RESTRAIN
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CONVENTIONAL ARMS TRANSFERS, AND A STRONGER EMPHASIS ON AVOIDING THE DIVERSION OF RESOURCES INTO MILITARY PROJECTS. FROM OUR PREVIOUS POSITION OF PREEMINENCE, WE HAVE FALLEN TO FOURTH OR FIFTH PLACE AS A SUPPLIER OF MILITARY HARDWARE TO LATIN AMERICA, AND THE NUMBER OF U.S. MILITARY PERSONNEL IN LATIN AMERICA, WHICH REACHED A HIGH OF 769 IN 1968, MAY FALL AS LOW AS 80 NEXT YEAR. GIVEN THE IMPORTANT ROLE OF THE MILITARY IN LATIN AMERICA, AND ITS VIRTUAL DOMINANCE IN THE COUNTRIES ON YOUR ITINERARY, IT WOULD CLEARLY BE TO OUR ADVANTAGE TO SHOW OUR INTEREST IN CONTINUING TO MAINTAIN SOME TIES WITH THE LOCAL MILITARY ESTABLISHMENTS. OUR ABILITY TO DO THIS WILL DEPEND IN LARGE MEASURE ON THE WILLINGNESS

OF THE LATIN AMERICAN REGIMES TO AVOID ACTIONS, IN AREAS SUCH AS THE HUMAN RIGHTS AREA OR LOCALIZED BORDER TENSIONS, WHICH WOULD MAKE SUCH TIES MORE DIFFICULT FROM OUR POINT OF VIEW. CONSEQUENTLY, YOUR TASK IN THIS AREA WILL BE THREEFOLD:

A) TO CONVINCE THE MILITARY THAT RECENT SHIFTS OF EMPHASIS IN OUR POLICY DO NOT MEAN THAT WE HAVE ABANDONED THEM;

B) TO POINT OUT THAT, WITHIN THE FRAMEWORK OF A WORLD-WIDE, NON-DISCRIMINATORY POLICY ON ARMS TRANSFERS, THE CARTER ADMINISTRATION WOULD BE INTERESTED IN MEETING THE LEGITIMATE SECURITY NEEDS OF THOSE COUNTRIES; AND

C) TO GET ACROSS THE MESSAGE THAT OUR FUTURE RELATIONSHIPS IN THE MILITARY AREA WILL BE HEAVILY INFLUENCED BY THEIR GOVERNMENTS' ACTIVITIES.

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3) ECONOMIC

YOUR TRIP WILL HAVE A MAJOR ECONOMIC DIMENSION. IT IS IMPORTANT FOR YOU TO:

-- MAKE IT CLEAR YOU ARE NOT ON A MISSION WHOSE SOLE PURPOSE IS TO CRITICIZE VIOLATIONS OF THE RIGHTS OF THE PERSON AND POLITICAL RIGHTS;

-- BE CONVINCING ABOUT OUR CONTINUING INTEREST IN ALL ASPECTS OF PEOPLE'S WELFARE, INCLUDING THEIR ECONOMIC RIGHTS;

-- INDICATE UNDERSTANDING OF AND WILLINGNESS TO WORK WITH THESE GOVERNMENTS IN DEALING WITH PARTICULAR ECONOMIC ISSUES OF CONCERN TO THEM.

YOUR VISITS TO THE LAFTA AND ECLA HEADQUARTERS WILL DEMONSTRATE OUR STRONG INTEREST IN THE REGION'S ECONOMIC SITUATION AND REGIONAL EFFORTS TO IMPROVE THEIR CONDITIONS.

ARGENTINA HAS RECENTLY CRITICIZED THE U.S. DEVELOPMENT STRATEGY OF CONCENTRATING ASSISTANCE ON THE POOREST COUNTRIES AND ON THE SATISFACTION OF BASIC NEEDS AS AN UNSATISFACTORY SUBSTITUTE FOR A GLOBAL APPROACH TO DEVELOPMENT AND FOR CONCRETE ACTIONS IN THE AREAS OF MARKET ACCESS, RESOURCE AND TECHNOLOGY TRANSFERS AS

OUTLINED IN NIEO. THEY FEAR WE ARE BECOMING MORE PROTECTIONIST IN OUR TRADE POLICIES.

YOU SHOULD SET TO REST THEIR FEARS THAT OUR HUMAN RIGHTS POLICY IS A DODGE TO AVOID NIEO AND AID ISSUES. IN FACT, WE ARE MAKING SOME PROGRESS ON COMMODITIES AND TRADE LIBERALIZATION, AND WE ARE SUPPORTING PRO-

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POSALS FOR EXPANDED ACCESS TO IMF FINANCING AND FOR EXPANSION OF WORLD BANK CAPITAL. HOWEVER, THIS PROGRESS HAS BEEN SLOWER THAN THESE MIDDLE INCOME COUNTRIES WOULD LIKE. THEY ARE PARTICULARLY CONCERNED ABOUT OUR ACTIONS ON COUNTERVAILING DUTIES AND VOLUNTARY RESTRAINTS ON PRODUCTS IMPORTANT TO THEM.

YOU CERTAINLY WILL WANT TO REPEAT THE CALL FOR SOCIAL JUSTICE THAT ANDY YOUNG ENUNCIATED BEFORE ECLA IN GUATEMALA CITY. THERE SHOULD BE NO MISTAKING YOUR INTEREST IN SEEING THAT POORER GROUPS IN THESE SOCIETIES BENEFIT FAR MORE THAN THEY HAVE IN THE PAST FROM NATIONAL ECONOMIC DEVELOPMENT.

CHILE, ARGENTINA AND URUGUAY HAVE IMPLEMENTED STABILIZATION PROGRAMS WHICH HAVE ACHIEVED SOME SUCCESS, BUT UNAVOIDABLY AT CONSIDERABLE SOCIAL COST, ESPECIALLY IN CHILE. THE IMPROVEMENT IN THEIR EXTERNAL ACCOUNTS HAS BEEN DRAMATIC, AND IS WINNING THE CONFIDENCE OF FOREIGN CREDITORS. INTERNAL ECONOMIC ACTIVITY, HOWEVER, HAS BEEN SLOWER TO REBOUND. INFLATION IS PROVING TO BE A STUBBORN ENEMY, AND NATIONAL INVESTORS REMAIN WARY. UNEMPLOYMENT IS LOW IN ARGENTINA AND URUGUAY, WHERE MASSIVE OUT-MIGRATION HAS ALLEVIATED EMPLOYMENT PRESSURES, BUT REMAINS VERY HIGH IN CHILE.

THE COUNTRIES YOU WILL VISIT, PLUS BRAZIL, ARE, BY THE WAY, THE BEST PRACTITIONERS IN LATIN AMERICA OF "MARKET ECONOMY" POLICIES. THEIR PRESCRIPTIONS FOR THE TREATMENT OF ECONOMIC ILLS HAVE BEEN LARGELY ORTHODOX POLICIES. THEY HAVE MOVED TO LIBERALIZE IMPORT RESTRICTIONS, ENCOURAGE FOREIGN INVESTMENT, CONTROL WAGES AND REDUCE INFLATION BY SLASHING BUDGET DEFICITS.

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THEIR ORTHODOX "FREE MARKET" STRATEGIES, HOWEVER, ARE SEEN BY SOME AS NOT REALLY RESPONSIVE TO MEETING BASIC NEEDS. BASICALLY, THESE COUNTRIES ADHERE TO THE "TRICKLE DOWN" THEORY, WHICH ASSUMES THAT ECONOMIC GROWTH WILL EVENTUALLY AND INDIRECTLY BENEFIT THE POOR.

THIS APPROACH CONTRASTS WITH A DEVELOPMENT STRATEGY EXPLICITLY DIRECTED TOWARD MEETING THE NEEDS OF THE POOR MAJORITY AND THUS WITH OUR POLICY EMPHASIS ON AID TO THE MOST NEEDY.

YOU SHOULD AVOID INSERTING THE U.S. INTO THE DEBATE SURROUNDING THESE CONTROVERSIAL AND SENSITIVE ISSUES OF

DOMESTIC ECONOMIC POLICY. HOWEVER, YOU CAN OFFER
SUPPORT FOR THEIR INTERNATIONAL POLICIES OF OFFERING
GREATER TRADE OPPORTUNITIES AND REDUCING INVESTMENT
FRICTIONS, AND FOR TAKING, ON BALANCE, A MORE
CONSTRUCTIVE AND RATIONAL ROLE IN THE NORTH-SOUTH
DIALOGUE THAN MANY OTHERS IN THE G-77.

IN SUM:

THE OBJECTIVE OF YOUR TRIP IN TERMS OF ECONOMIC MATTERS
IS:

-- NOT TO SEEK CONCESSIONS.

-- NOT TO MAKE PROMISES.

-- BUT TO SHOW THAT WE ARE INTERESTED IN THEIR PROBLEMS
AND ARE PREPARED TO HELP CREATE A GLOBAL FRAMEWORK
CONDUCTIVE TO THEIR DEVELOPMENT. WE DESIRE TO CONSULT
WITH THEM ON HOW TO BRING THIS ABOUT. END TEXT. CHRISTOPHER

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